

ANN-R-11/3

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भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2013-14/129

RPCD.CO.LBS.BC.No.11/02.01.001/2013-14

July 9, 2013

To

CMDs of all SLBC Convenor banks and Lead banks

Dear Sir,

Direct Benefit Transfer (DBT) Scheme

A workshop on DBT Scheme was recently held in Mysore which was *interalia* attended by Chairman, Unique Identification Authority of India (UIDAI), Finance Secretaries of select States, Top Management of Reserve Bank of India and bankers from the State of Karnataka. While reviewing the progress of seeding of Aadhaar number in bank accounts, it was emphasized that banks should proactively take steps to open a large number of bank accounts, seed these

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Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अशोक रोड, नई दिल्ली-110001
Ashoka Road, N. Delhi-110001

accounts with Aadhaar numbers and view it as a sustainable & scaleable business opportunity. As an illustration, a reference is also made to the possibility of utilizing the services of LPG distributors for opening of bank accounts and seeding Aadhaar numbers in bank accounts.

2. In this connection, while inviting attention to our circular RPCD.CO.LBS.BC.No. 75/02.01.001/2012-13 dated May 10, 2013 on implementation of DBT Scheme and with a view to facilitate seamless rollout of Aadhaar based direct benefit transfer of Government benefits including LPG subsidy, banks are further advised to:

- take steps to complete account opening and seeding Aadhaar number in all the DBT districts.
- closely monitor the progress in seeding of Aadhaar number in bank accounts of beneficiaries.

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RESERVE BANK OF INDIA
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RBI/2012-13/498

RPCD.CO. LBS.BC.No. 75 /02.01.001/2012-13

May 10, 2013

To
CMDs of all SLBC Convenor banks and Lead banks

Dear Sir,

Direct Benefit Transfer (DBT) Scheme - Implementation

Please refer to the paragraph 67 of the Monetary Policy Statement for 2013-14 announced on May 3, 2013. DBT is being rolled out in a phased manner with 43 districts taken up in the first phase from January 1, 2013 and will be extended to 78 more districts from July 1, 2013. Eventually, all districts in the country would be covered under the DBT scheme.

2. With a view to facilitating DBT for the delivery of social welfare benefits by direct credit to the bank accounts of beneficiaries, banks are advised to:

- open accounts for all eligible individuals in camp mode with the support of local government authorities,
- seed the existing accounts or the new accounts opened with Aadhaar numbers and
- put in place an effective mechanism to monitor and review the progress in the implementation of DBT.

3. As stated above, SLBC Convenor Banks and Lead Banks should institute a monitoring and review mechanism to periodically assess and evaluate the progress made in the implementation of DBT by banks. The review of progress in the

about 90% of the population. Also that a large amount of money has been spent by the Union Government on this project for issuing Aadhaar cards and that in the circumstances, none of the well-known considerations for grant of injunction are in favour of the petitioners.

The learned Attorney General stated that the respondents do not share any personal information of an Aadhaar card holder through biometrics or otherwise with any other person or authority. This statement allays the apprehension for now, that there is a widespread breach of privacy of those to whom an Aadhaar card has been issued. It was further contended on behalf of the petitioners that there still is breach of privacy. This is a matter which need not be gone into further at this stage.

TRUE CERTIFIED COPY

Rajan Agarwal
राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अटल रोड, नई दिल्ली-110001
Atal Road, N. Delhi-110001

The learned Attorney General has further submitted that the Aadhaar card is of great benefit since it ensures an effective implementation of several social benefit schemes of the Government like MGNREGA, the distribution of food, ration and kerosene through PDS system and grant of subsidies in the distribution of LPG. It was, therefore, submitted that restraining the respondents from issuing further Aadhaar cards or fully utilising the existing Aadhaar cards for the social schemes of the Government should be allowed.

The learned Attorney General further stated that the

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REPORTABLE

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IN THE SUPREME COURT OF INDIA

CIVIL ORIGINAL JURISDICTION

WRIT PETITION (CIVIL) NO.494 OF 2012

Justice K.S. Puttaswamy (Retd.) & Another ... Petitioners

Versus

Union of India & Others ... Respondents

WITH

TRANSFERRED CASE (CIVIL) NO.151 OF 2013

TRANSFERRED CASE (CIVIL) NO.152 OF 2013

WRIT PETITION (CIVIL) NO.829 OF 2013

WRIT PETITION (CIVIL) NO.833 OF 2013

WRIT PETITION (CIVIL) NO.932 OF 2013

TRANSFER PETITION (CIVIL) NO.312 OF 2014

TRANSFER PETITION (CIVIL) NO.313 OF 2014

WRIT PETITION (CIVIL) NO.37 OF 2015

WRIT PETITION (CIVIL) NO.220 OF 2015

TRANSFER PETITION (CIVIL) NO.921 OF 2015

CONTEMPT PETITION (CIVIL) NO.144 OF 2014 IN WP(C) 494/2012

CONTEMPT PETITION (CIVIL) NO.470 OF 2015 IN WP(C) 494/2012

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Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
असोक रोड, नई दिल्ली-110001
Asoka Road, N. Delhi-110001

INTERIM ORDER

After the matter was referred for decision by a larger Bench, the learned counsel for the petitioners prayed for further interim orders. The last interim order in force is the order of this Court dated 23.9.2013 which reads as follows:-

"....

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IN THE SUPREME COURT OF INDIA
APPELLATE JURISDICTION (CIVIL)

I.A. NO. OF 2015
IN
WRIT PETITION (CIVIL) NO.932 OF 2013

IN THE MATTER OF:

NAGRIK CHETNA MANCH.

PETITIONER

Versus

UNION OF INDIA & ORS.

RESPONDENTS

AFFIDAVIT

I, Rahul Sinha, son of Shri Bhola Nath Sinha, aged about 42 years,
residing at M-5 RBI Officers Flats, Vasant Vihar, New Delhi-110057,
do hereby solemnly affirm and say as follows:

TRUE CERTIFIED COPY

Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
सुभाष अधिकारी/Section Officer
सर्वतल निर्वाचन आयोग
Section Commission of India
शांकर रोड, नई दिल्ली-110001
Shankar Road, N. Delhi-110001

That I am working as Deputy General Manager in the Reserve
Bank of India, Department of Banking Supervision, Regional Office,
New Delhi. I am fully acquainted with the facts of the case and am
competent and authorized to affirm this affidavit on behalf of the
Respondent No.4/Applicant.

2. I have gone through the Application for clarification of the
Order dated 11.08.2015, which is being filed on behalf of
Respondent No.4/Applicant.

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social benefit schemes like MGNREGA, the distribution of food, ration and Kerosene through PDS systems and grant of subsidies of LPG.

19. It is submitted that direct credit of subsidies in accounts of the LPG users/customers is being done through bank accounts linked to Aadhaar number for preventing leakages and ensuring that the subsidy is not claimed in fictitious names. By the above Interim Order, this Hon'ble Court has allowed Aadhaar Card to be used for the purpose of LPG Distribution Scheme. On the same lines, it is submitted that the use of Aadhaar Card for making payments under MGNREGA and other schemes may be permitted for the benefit of the general public to ensure that the payments reach the right persons and no payment is claimed by or made to fictitious persons. The benefits of direct credit to bank accounts need not be

TRUE CERTIFIED COPY

Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अशोक रोड, नई दिल्ली-110001
Ashoka Road, N. Delhi-110001

over emphasized in this context. Since opening of a bank account for financial inclusion purposes is also a social benefit for the poor, this applicant sincerely believes that the Interim Order passed by this Hon'ble Court does not come in the way of customers voluntarily using Aadhaar Card for opening bank accounts or availing financial services and banks relying upon the same for opening account and providing financial services.

20. It is submitted that if banks and financial institutions are required to stop using Aadhaar Card for the purposes as submitted above, during the pendency of these proceedings, it would cause avoidable inconvenience and confusion to the general public.

Seeding a person's bank account with his/her Aadhaar number ensures that the said account number belongs to the person to whom Aadhaar number is issued. This ensures that remittance of money reaches the person to whom it is meant and not to any other person. This does not in anyway mean that the UIDAI or any Government/other agency would get information about any other transaction effected in such Aadhaar seeded account.

16. The seeding of Aadhaar card number to the bank accounts particularly helps rural poor to receive money at their door step even though the bank in which they have an account does not have a branch in their village. When a direct benefit transfer (DBT) is to be affected, the concerned agency (MNREGA, etc.,) would transfer the required amount to the concerned bank with an advice to credit the specified beneficiary's account with the specified amount. Later, when the beneficiary desires to withdraw the amount, he/she could either approach the bank directly or could approach one of the business correspondents (BC) of the bank located in the village. In case the amount is to be withdrawn through BC, the beneficiary can provide his Aadhaar number and bank account number to the BC and input his thumb impression (biometric details) through the handheld device which BC would be having. The biometric information would be transmitted to UIDAI server which authenticates the identity of the beneficiary and thereafter, the beneficiary may ascertain his account balance and bank authorises the BC to allow the beneficiary to withdraw money from his account. In this process, neither UIDAI nor any other

THE CERTIFIED COPY

Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL

असत निदेशन अधिकारी/Section Officer

भारत निर्वाचन आयोग

Electoral Commission of India

चौक रोड, नई दिल्ली-110001

Chauk Road, N. Delhi-110001

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social benefit schemes like MGNREGA, the distribution of food, ration and Kerosene through PDS systems and grant of subsidies of LPG.

19. It is submitted that direct credit of subsidies in accounts of the LPG users/customers is being done through bank accounts linked to Aadhaar number for preventing leakages and ensuring that the subsidy is not claimed in fictitious names. By the above Interim Order, this Hon'ble Court has allowed Aadhaar Card to be used for the purpose of LPG Distribution Scheme. On the same lines, it is submitted that the use of Aadhaar Card for making payments under MGNREGA and other schemes may be permitted for the benefit of the general public to ensure that the payments reach the right persons and no payment is claimed by or made to fictitious persons. The benefits of direct credit to bank accounts need not be over emphasized in this context. Since opening of a bank account for financial inclusion purposes is also a social benefit for the poor, this applicant sincerely believes that the Interim Order passed by this Hon'ble Court does not come in the way of customers voluntarily using Aadhaar Card for opening bank accounts or availing financial services and banks relying upon the same for opening account and providing financial services.

TRUE CERTIFIED COPY
Rajan Agarwal
राजन आगरवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अशोक रोड, नई दिल्ली-110001
Ashoka Road, N. Delhi-110001

20. It is submitted that if banks and financial institutions are required to stop using Aadhaar Card for the purposes as submitted above, during the pendency of these proceedings, it would cause avoidable inconvenience and confusion to the general public.

Seeding a person's bank account with his/her Aadhaar number ensures that the said account number belongs to the person to whom Aadhaar number is issued. This ensures that remittance of money reaches the person to whom it is meant and not to any other person. This does not in anyway mean that the UIDAI or any Government/other agency would get information about any other transaction effected in such Aadhaar seeded account.

16. The seeding of Aadhaar card number to the bank accounts particularly helps rural poor to receive money at their door step even though the bank in which they have an account does not have a branch in their village. When a direct benefit transfer (DBT) is to be affected, the concerned agency (MNREGA, etc.) would transfer the required amount to the concerned bank with an advice to credit the specified beneficiary's account with the specified amount. Later, when the beneficiary desires to withdraw the amount, he/she could either approach the bank directly or could approach one of the business correspondents (BC) of the bank located in the village. In case the amount is to be withdrawn through BC, the beneficiary can provide his Aadhaar number and bank account number to the BC and input his thumb impression (biometric details) through the handheld device which BC would be having. The biometric information would be transmitted to UIDAI server which authenticates the identity of the beneficiary and thereafter, the beneficiary may ascertain his account balance and bank authorises the BC to allow the beneficiary to withdraw money from his account. In this process, neither UIDAI nor any other

TRUE CERTIFIED COPY

Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अनंता रोड, नई दिल्ली-110001
Ananta Road, N. Delhi-110001

6.

12. If the directions contained in the order dated August 11, 2015 passed by this Hon'ble Court are interpreted as requiring banks and financial institutions not to open accounts or provide financial services, even if Aadhaar Card is voluntarily submitted by customers, it will seriously affect the interests of poor people who want to open bank accounts using Aadhaar Card and avail the benefits of financial inclusion and other social benefit schemes.

13. It is submitted that if customers are not allowed to use Aadhaar Card even voluntarily, it would result in hardships to large number of customers of banks and financial institutions especially from rural areas who may have no other Officially Valid Document. The spirit of the above order is not to cause inconvenience to the poor people or prevent them from getting the benefit of social benefit schemes by voluntarily producing their Aadhaar Card for proving their identity. Therefore it is in the spirit of the above order and just and proper to permit the banks and financial institutions to accept Aadhaar Cards of persons who voluntarily submit the same. Further, no right of the petitioner or any other person is affected by this Hon'ble Court clarifying that banks and financial institutions may accept Aadhaar Cards from persons who voluntarily submit the same for the purpose of proving their identity.

TRUE CERTIFIED COPY

Rajan Agarwal
राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अस्मिका रोड, नई दिल्ली-110001
Asoka Road, N. Delhi-110001

14. It is submitted that the challenge made by the petitioners to Aadhaar Card is, inter alia, against compelling persons to obtain Aadhaar Card or to disclose their personal details such as biometric details. The said contentions will not be...

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identity either in the absence of any of the other Officially Valid Document or otherwise.

8. It is submitted that this Applicant is a statutory Corporation constituted by the provisions of Section 3 of the Reserve Bank of India Act, 1934 for the purpose of regulating the issue of Bank Notes and keeping of reserves with a view to secure the monetary stability in India and generally to operate currency and credit system of the country. The Applicant has been, *inter alia*, entrusted with the statutory obligation of administering the provisions of the Banking Regulation Act, 1949. Under the BR Act, Applicant has been vested with various powers with respect to banking companies, such as granting licenses, conducting inspections, giving directions, advices etc. Further, Applicant, as the principal monetary authority in the country, is responsible for laying down policies in the interest of the monetary stability and sound economic growth, having due regard to the interests of the depositors, public interest and banking policy. In the discharge of its statutory duties, Applicant issues various guidelines and directions to the banks. The Applicant has the power to issue directions under Section 35A of the BR Act to banks generally or any bank in particular in the public interest or in the interest of the banking policy or to prevent the affairs of the bank from being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the bank or to secure the proper management of any bank. The Applicant also has the power under Section 36(1) (a) of the BR Act, to caution or prohibit banks generally or any bank in particular against entering into any transaction.

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Rajan Agarwal

राजन अग्रवाल/RAJAN AGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अशोक रोड, नई दिल्ली-110001
Ashoka Road, N. Delhi-110001

10/1/2015

https://mail.gov.in/wc_static/layout/shell.html?lang=en-US&3.0.1.0.0_16051217

Subject: Application filed by RBI in the Hon'ble Supreme Court seeking
modification on its Interim Order dated August 11, 2015
decus@eci.gov.in

Date: 09/30/15 06:09 PM

From: YLP Rao <ylprao@uidai.gov.in>

Aadhaar - application filed by RBI in SC - Part 1... (4.5MB) • Aadhaar - application filed by RBI in SC - Part 2... (3.8MB)
Aadhaar - application filed by RBI in SC - Part 3... (1.8MB)

Dear Sri.Umesh ji,

As discussed I am sending you scan copy of application filed by RBI in the subject matter above.

REgards
YLPRao

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Rajan Aggarwal

राजन अग्रवाल/RAJAN AGGARWAL
अनुभाग अधिकारी/Section Officer
भारत निर्वाचन आयोग
Election Commission of India
अशोक रोड, नई दिल्ली-110001
Ashoka Road, N. Delhi-110001

instructed to suspend all activities relating to collection/feeding/seeding of Aadhaar Number till further directions and also to withdraw all publicity relating thereto. Collection/feeding/seeding of Aadhaar Number through NVSP portal has also been blocked.

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अनुसूचित जाति आयोग
आरक्षण विभाग
Election
असतो मा सद्गमय
Ashoka Road, N. Delhi-110001